

DAS Customer Council Meeting

August 14, 2008

Members Present

Charlie Krogmeier, Chair, Department of Management; Mollie Anderson, Vice-Chair, DAS; Lee Wilkinson, DOT; Brad Hier, DOC; Bill Gardam, DHS; Margaret Thomson, IDALS; Roger Stirler, Revenue; Joan Moll, DHR; Keith Greiner, ICSAC; Greg Anliker, Elder Affairs; Larry Murphy, Judicial; Mark Brandsgard, Legislative-House; Michael Marshall, Legislative-Senate

Members Absent

Dave Heuton, DPS; Mary Jane Olney, Cultural Affairs; Nicole Gehl, Commerce-ABD

Others Present

Teresa McMahon, DOM; Cindy Axne, DOM; Deb Bassett, DOM; Ray Walton, DAS/GSE-COO; Nancy Williams, DAS/GSE; Lana Morrissey, DAS/Finance; Nancy Berggren, DAS/Human Resources; Calvin McKelvogue, DAS/SAE; Julie Sterk, DAS/Finance; Pat Mullenbach, DAS/Finance; Tim Ryburn, DAS/CCM; Ken Thornton, DAS/CCM; Mark Uhrin, DAS; Patricia Lantz, DAS/Legal; Lorrie Tritch, DAS; Greg Fay, DAS; Dale Schroeder, DAS/GSE/Fleet & Mail; Debbie O'Leary, DAS/GSE Procurement; Tera Granger, DAS/Marketing; Darcy Pech, DAS/Marketing; Barbara Bendon, DAS/GSE Leasing & Space Management; Brenda Easley, DAS; Jay Freeland DAS/SAE; Michael Tutty, DAS/ITE; John Hove, DAS; Mark Blazek, DAS/GSE/Fleet & Mail.

Call to Order

Meeting was called to order by Chairperson Charlie Krogmeier 10:00 a.m.

Roll Call

Member roll call taken by Nancy Williams.

Approve Minutes

None to be approved – this is the 1st meeting of the DAS Customer Council.

Welcome and Introduction of Council Members and others attending

Overview of new DAS Customer Council

Chairman Krogmeier advised last winter there was discussion about combining the four DAS Councils into one and it was decided if it was going to be combined into one Council; placing it under the Department of Management rather than under DAS gave it more objectivity to all other agencies involved and made it more removed. At the same time, this also engaged the Governor's Office and Department of Management perspective in the DAS Customer Council arrangement which would be a positive result.

Vice Chair Anderson thanked everyone for serving noting that you represent agencies and your peers. One of the important things to remember is that you are not just representing the agency you are from but you have to look at it from a larger perspective.

Going back in history, the formation of the entrepreneurial model is one that came from an outside consultant who thought it was a good idea to have customers have more involvement and management of services provided to them. There was no model for this, what we are doing in Iowa is still somewhat experimental. As we go to other places in the country and look at Administrative Services types of agencies, most of them are set up with an appropriation to deliver services and the agencies do not have a voice in the services they receive. Your role is an important one, you represent a lot of other people who are being billed for services and your goal is to ensure that those services are ones they need, are reasonably priced and the budget for those is managed well. You do have a role in the operations of DAS. Your job will be to understand all of DAS products and services and to represent all the customers and to figure out what fits for small, medium and large agencies. The idea is there is some economy of scale savings by having the services in one place and by having them delivered by the State.

In the case of the products and services you are going to manage, basically the Governor has decided these are products and services that are Utilities, should be one system owned by the customer (managed by Customer Council) and operated by the Department of Administrative Services. Your job is to set the budget, determine the level of service and determine the method to distribute the funds. Determining the method to distribute the cost is probably one of the hardest jobs you will have.

To underscore some of the most important parts of what I have to say, 1) remember these are Utilities, everybody will buy that service from one place, 2) what is the level of service that you need, 3) what is the fair methodology, 4) you carry out your responsibilities in a way that represents not just your agency.

Cindy Axne discussed the hand-outs in the member's binder.

Organizational Structure – the Chairman and Vice Chair are non-voting members, they are not elected by the Council members. They will always be the DOM Director and the DAS Director as Chair and Vice Chair respectively. There are fourteen representatives, four representatives from large agencies, four representatives from medium agencies, three from small, one from judicial and one each from the Legislative House and Senate. We will also have committees as needed as related to specific issues.

FAQ's – Ms. Axne discussed each question listed in the FAQ. Greg Anliker advised in the past Customer Council members were elected by the agencies. Chairman Krogmeier advised DOM would solicit nominations from departments but DOM would make the ultimate decision as to who is on the Council. It was noted that a quorum is eight members.

Mark Brandsgard asked where it says that the Legislature has two representatives. Chairman Krogmeier advised it isn't in the rules but it is in the statute. This will be corrected in the rules. The statute reads the legislative appointments are to be made by the Legislative Council noting DOM will send a reminder to the Council at the next meeting to officially appoint its members.

Ms. Axne noted the DAS Customer Council is planning to meet once a month and will make some determination from there as to how you might want to change that. As the Council begins its new approach that it would be best to meet on a monthly basis.

Rate Setting – Director Anderson noted the time frame for rate setting is always very important so they can be reflected in the agencies budgets which are due to DOM by October 1. We begin the process in March setting rates for something a year and a half away. It makes it difficult to predict what the actual expenses will be. Proposed rates are sent to agencies in June for comments and rates set in August. We are asking for approval of the rates today because agencies want to know it is final as they are working on their budgets right now and need the numbers.

Bill Gardam noted it appears you set the rate and then you write the business plan. Chairman Krogmeier advised it is more logical to write the business plan first and then set the rates. Director Anderson advised in the past we have had separate business plans which was very cumbersome noting one business plan for DAS would be better.

Administrative Rules - Ms. Axne discussed some key items in this Chapter noting the Chair and Vice Chair are non-voting members. Membership states each member will serve a two year term; however, the initial appointment shall be staggered terms of one or two years as set by the department. After discussion Chairman Krogmeier advised he will divide it up and decide who has a one year term and who has the two year term. Members were in agreement with this determination.

Member participation discussed, it was noted with some of the past customer councils having a quorum was a problem at some scheduled meetings. It was suggested if there is an alternate they consider a continuity of position, someone with a similar position as the member. Lee Wilkinson stated it would probably be easier if it was another person within the member's agency since you have had more opportunity to visit with them and they understand the perspective a little better.

Director Anderson advised the DAS Customer Council will need to set their own bylaws noting perhaps on a future agenda there might be discussion of alternates. Chairman Krogmeier advised possibly at the beginning of the year, we would ask each member to name an alternate or designee if you were unable to attend the meeting. It would then

be your responsibility to get the alternate to the meeting if you cannot attend. It would be the intent that the alternate would have voting rights.

Voting - The quorum is eight noting there are 14 members. Administrative rules reads "a simple majority of the members voting shall determine the outcome of the issue being voted upon". Mike Marshall noted a simple majority could be five members, asking if members were comfortable with the possibility of rates being set because five out of eight went a particular way, adding from a Legislative perspective he was not comfortable with that. Mr. Marshall advised in the Legislature that is allowed for preliminary items; however, you don't actually get something out of Committee or pass something on the floor and send to the House without it being the majority of the actual members of the full membership as opposed to who is actually there. Keith Greiner stated he thought that was an important issue you want it to be the majority of the members of the council. Chairman Krogmeier stated there should be at least eight members to set rates.

Greg Anliker stated he had some reservations about whether alternates can be effective in a group such as this, especially with setting rates noting it takes a member quite a length of time to become familiar enough with the issues to be comfortable with saying "yes that is a reasonable rate", etc. Director Anderson stated that would be why you would set your alternate early and part of your responsibility would be to keep them informed. Chairman Krogmeier asked what the members' expectation of an alternate is. Is the alternate more of a "proxy" or more "free wheeling" and makes their own decision independently. We seem to be going the direction of saying it is up to the member to decide who in their agency would be the alternate; however, they should be a Division Administrator or above or at least a key decision maker in your agency.

Subcommittees – Chairman Krogmeier stated we want to have the option to appoint subcommittees and will discuss this at future meetings.

Annual Service Listing - Director Anderson advised the Utility list is only part of the services; the other two are Marketplace and Leadership and are reflected on the total list of services provided. Chairman Krogmeier advised the DAS Customer Council only deals with Utility Services, noting DAS can publish all service. Mr. Griener wants to see the complete list noting it is important to know which item is Utility, Marketplace or Leadership. DAS will provide this to members.

Schedule of Activities - Ms. Axne noted there would be a discussion of by-laws at the next meeting. Chairman Krogmeier added there needs to be things such as "how do I get something on the agenda", etc. discussed as well.

Review and finalize DAS proposed utility rates for FY2010 – Action

Director Anderson advised the previous Councils have gone through a considerable amount of discussion and work in setting the rates noting most of the materials in the handout (copy attached to minutes) is for your reference. Included is the memo sent out in June, 2008 to agencies after the Councils completed their work and set the rates. There are twenty-six utility rates (or utility products); only eighteen of the twenty-six are billed as a rate. The others are a usage fee. Of the rates set by the Customer Councils, seven are remaining the same, five are decreasing, six are increasing and two are new.

Director Anderson discussed the I/3 rates, the total cost of I/3 is reflected; however, we hope to seek an appropriation of \$3.7 million dollars to cover the gap in the actual cost of I/3. I/3 is an item which has had much discussion about whether it should be a Utility or a Leadership item. At the current time, it is a Utility. The total cost of I/3 is \$6.8 million dollars, we have recommended the rate be set based on the total cost. If you approve the rate, it will be in our interest to work together to seek appropriate funding; otherwise, agencies will be short \$3.7 million dollars to operate this Utility. Rates are set by agencies annual revenues, the expenditures and the FTE's.

Mark Uhrin discussed Service Oriented Architecture (SOA) as well as Authentication & Authorization services, noting these are both new Utilities. This is a new service still in the process of being built, it has shown some growing pains, and the budget approved at the June meeting showed two scenarios. 1) The equipment currently owned by Criminal Justice Integration System (CJIS) would be used; 2) ITE would have to acquire totally new equipment. We have been in negotiations with CJIS and have an agreement to share the equipment. The updated budget shows only the CJIS shared costs scenario which is the lower cost of the two options.

This is an effort by the various criminal justice agencies, public safety, law enforcement, the courts, department of corrections, county prosecutors' to share information on a real time basis for the purposes of enhancing the criminal justice information to make better decisions. This effort that has been ongoing for five years and there is a lot of trust

built into this. The two devices in question are the ones that provide security; CJIS is only using two of the four ports on the device. We are underutilizing the ports; there is excess capacity for the time being. The shared devices under consideration are owned by CJIS and the question is if they will turn them over to ITE and when their replacement comes up will they be replacing them as capital investment.

As a state enterprise, we are always interested in sharing information. This is building the platform to participate in sharing of information. Director Anderson stated she thinks of this as being a simple super connector, they have invested in this technology and rather than buy another super connector, we want to use CJIS's since they have unused capacity.

Chairman Krogmeier stated we all have data in State government; some agencies do a better job of sharing than others due to physical and budgetary limitations. We are trying to utilize the hardware and security kinds of software to set up a structure making it is easier to share information. Bill Gardam noted this provides the vehicle so agencies don't have to exchange discs as they currently do with some agencies, this would enable this data to be exchanged electronically and have it protected. Mr. Uhrin advised CJIS has paved the way, it is working and we are continuing to make improvements and add more and more applications to it noting he is very supportive of this.

Mr. Uhrin advised DAS would take over the boxes, run them and run it as a Utility. CJIS would then use that Utility along with everyone else. It is more than surplus capacity; DAS would actually be taking over the boxes, maintaining them, and working with all the users. Mike Marshall asked if it is anticipated that most or all agencies would end up using this since it sounds like initially it would be very criminal justice oriented, but the costs are being distributed for the majority. It was noted this would be a general use Utility enabling all agencies to inter-change data. Director Anderson noted the cost is currently prohibiting agencies from sharing information.

There is also some cost CJIS was billing which will be in the Utility (network costs, etc.). The methodology set dealt with two charges, 1) general charge that covered the "lights on" costs (costs for supplying infrastructure and the equipment, 2) cost associated with usage, deemed to be the costs associated with added traffic on the equipment. The split was approximately 2/3's the "lights on" costs and 1/3 usage cost. The methodology approved allowed the charges to be put to the provider of data. This is really an infrastructure for sharing information between different entities.

Larry Murphy noted there has not been approval to share CJIS yet, the technical committee has made a recommendation to the CJIS Advisory Council to do so. The Council meets next Thursday. Director Anderson stated the cost would be considerably higher if this agreement is not reached.

Mr. Uhrin stated our recommendation is to eliminate the usage fee and make it solely FTE based. We see this as the easiest model as well as reducing the barriers to implementation by the agencies. The cost per FTE is \$4.27 annually. Calvin McKelvogue stated he was concerned if the Feds would accept using FTE's.

Director Anderson advised as Council members go through the rates, understand we are accepting the work of the previous Customer Councils. In the Human Resources Enterprise you will see some rates that have gone down and some that have gone up. We have received no public comment that would suggest people have a contrary reaction to these rates.

Director Anderson advised in the General Services Enterprise, the association fees for office and storage space fee is \$3.29 which is an increase of four cents per square foot was approved by the Customer Council. This amount was not the recommendation of staff. General Services Enterprise believes the \$3.41 per square foot requested is the appropriate rate for services.

Ray Walton, GSE-COO, stated GSE proposed to the prior Customer Council that the rates be increased from \$3.10 per square foot to \$3.25 in FY09 and further that it increase to \$3.41 in FY10. Four years ago the rate was \$3.44 and has been reduced over the years. The reason for the increase is energy, everything arrives by truck, and we pay more for everything we purchase. We don't believe we can provide the quality of service customers deserve for \$3.29 per square foot in FY10. Mr. Walton pointed out GSE has had several areas where rates have been cut and credits provided to the customers. Director Anderson advised GSE told the Customer Council that if they set the rate at \$3.29 we will have to make some cuts in services. Bill Gardam stated this is not just cost adjustments for energy and economic factors, what I believe I heard is this is also an expansion of services at the same time because state government has grown. Director Anderson stated there are things that customers are now asking for that may relate to the outside of the building or maybe redecorating inside and we have to pay for that somehow.

Mr. Walton stated at the Customer Council meeting, they were advised that services would have to be adjusted if the rate remained at \$3.29; however, specific services were not enumerated. Thoughtful management and planning really mandates we change the rate to \$3.41 per square foot or we at least afford this Council the opportunity to look at changing the rate.

Mike Marshall stated he feels "beholden" to the four Customer Councils and the work they performed, for some of the other enterprises we have talked about my inclination has been to say that even though he may not necessarily agree with all of that but they have spent a lot more time looking at it than I did. What were the reasons they gave for not giving you the increase you asked for? Why should we ignore their work?

Mr. Walton stated the four cent increase was specifically for lease & space management. Director Anderson stated the concern of some agencies was that they would not receive adequate funding to pay for the increase. We wanted this Council to understand, that if you don't set the rate as GSE recommends, we will have to make some cuts in services.

Mr. Gardam asked if any of this is related to us moving toward using and being more "green" products, which is a great thing although the products usually cost a little more up front but better long-term for the rest of State Government employees. Mr. Walton advised we have converted all cleaning products on complex to "green" products. Mr. Gardam stated it looks as if this is an annual increase of about 4% which doesn't seem unreasonable in today's world.

Calvin McKelvogue advised the Commission with regard to the 1/3 rates, there was one comment from IPERS. They have voiced their objection to the allocation method; they have raised the issue for the last three years. They do not care for the allocation method being used since they have a large amount of revenues and a large amount of expenditures, they get charged a high price, they feel, for the use of 1/3 when in reality all they run through is the receipt of money and expenditure of money, they don't use that system for the reporting purposes and some of the other things. Chairman Krogmeier advised this should be looked at in the Business Plan discussion. With every rate, some agencies are going to benefit and some are going to get hurt a little depending upon how they use that particular function.

Margaret Thomson advised she was not comfortable changing what preceding Customer Councils have done. Greg Anliker, Lee Wilkinson and Roger Stirler agreed with this, Roger noted it puts us in a bad position with our peers to change rates that they didn't comment on or didn't get to see.

MOTION: Greg Anliker moved to approve the proposed rates as approved by the previous Customer Councils. Joan Moll seconded the motion.

Discussion – Mr. Anliker asked to clarify his motion – the motion he made was that he intended to accept what the four previous Customer Councils set, it would not bring into play any modifications, it is based on what was approved by the other Customer Councils.

MOTION AMENDMENT: Keith Greiner moved to amend the motion to substitute for the SOA rate the amount of \$4.27 per FTE. Larry Murphy seconded the motion.

Roll call vote on the Amendment – Greg Anliker voted No, others all voted Aye – passed.

All in favor of the motion as amended – All voted Aye – passed.

Rates adopted

Determine future meeting schedule – Action

MOTION: Larry Murphy moved to adopt the proposed meeting dates for 2008. Margaret Thomson seconded the motion. Motion passed.

The 2009 dates/times problematic since Legislature goes into session at 9:00am on Fridays.

Close and Adjourn

Respectfully submitted,
Nancy Williams, DAS/GSE